



California Regional Water Quality Control Board
Lahontan Region



Linda S. Adams
*Secretary for
Environmental Protection*

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Arnold Schwarzenegger
Governor

JUL 29 2009

TO ALL INTERESTED PERSONS AND AGENCIES:

**PROPOSED RESOLUTION FOR EXPENDITURE OF FUNDS FROM THE TAHOE
KEYS MITIGATION FUND FOR THE CALIFORNIA TAHOE CONSERVANCY'S
UPPER TRUCKEE RIVER SUNSET STABLES REACH 6 RESTORATION PROJECT**

The California Regional Water Quality Control Board, Lahontan Region (Water Board) intends to consider a Resolution that would allocate the remaining balance from the Tahoe Keys Mitigation Fund to the California Tahoe Conservancy to complete the final design for restoring the Sunset Stables Reach 6 of the Upper Truckee River, El Dorado County.

The Proposed Resolution is enclosed and posted on the Water Board's Internet website: <http://www.waterboards.ca.gov/lahontan/>. If you wish to comment on the Proposed Resolution, please provide us with your written comments no later than **August 31, 2009**.

The Proposed Resolution is scheduled for consideration at a public meeting of the Water Board on **October 14-15, 2009** in South Lake Tahoe. Details on the meeting time and location will be available on the Water Board's internet website 10 days prior to the meeting.

You may contact Lauri Kemper at (530) 542-5436 or me at (530) 542-5439 if you have any questions or wish to discuss the Proposed Resolution.

Robert Larsen
Environmental Scientist

Enclosure: Proposed Resolution



CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
LAHONTAN REGION

RESOLUTION NO. R6T 2009-(PROPOSED)

**EXPENDITURE OF FUNDS FROM THE TAHOE KEYS MITIGATION FUND
FOR THE CALIFORNIA TAHOE CONSERVANCY'S
UPPER TRUCKEE RIVER SUNSET STABLES REACH 6 RESTORATION PROJECT**

WHEREAS, the California Regional Water Quality Control Board, Lahontan Region (hereinafter Water Board) finds:

1. On May 13, 1982, the Water Board adopted Resolution No. 82-8. This Resolution designated a significant portion of the Tahoe Keys development a man-modified stream environment zone, thereby allowing additional development on the subdivided lots in the area.
2. Resolved Number 10 of Resolution No. 82-8 required payment of a \$4,000 fee per new lot developed. The fee is used for the construction of projects within the Lake Tahoe Basin to achieve a net reduction of nutrients equivalent to that generated by the Tahoe Keys development. The Water Board determined that this mitigation could be accomplished within the Tahoe Keys development and/or at other locations within the Lake Tahoe Basin. The current balance of the fund is approximately \$389,807.
3. In 1993 and 1998, the Water Board authorized several projects within the Upper Truckee River Hydrologic Unit. In 1993, funds were allocated to the California Tahoe Conservancy for planning and design of the Cove East project and to the U.S. Forest Service for Pope Marsh prescribed fire project. On January 29, 1998, the Water Board requested various agencies and organizations to submit project proposals for funding from the Tahoe Keys Mitigation Fund (balance at the time was \$1.5 million). Project proponents were required to describe how the project benefits water quality, specifically, how the proposed project would mitigate for the loss of the natural treatment capacity of the Truckee Marsh due to construction of the Tahoe Keys development.
4. Based on the submittals, the Board reviewed, summarized and evaluated the various projects using the following criteria:
 - a. water quality benefits
 - b. need of land acquisition
 - c. use of demonstrated technology
 - d. assurance of timely completion/implementation
 - e. availability of matching funds
 - f. interagency cooperation
 - g. life of project/operation and maintenance costs
 - h. whether the project has been identified in the Tahoe Regional Planning Agency's Environmental Improvement Program

5. In 1998, the Water Board authorized funds for 4 projects:
 - a. El Dorado County Pioneer Trail Erosion Control Project (\$185,000)
 - b. California State Parks Angora Creek Restoration Project (\$110,000)
 - c. California Tahoe Conservancy Lower West Side Upper Truckee River Project (\$699,000)
 - d. City of South Lake Tahoe Trout Creek Restoration Project (\$1.2 million)

6. At that time, the Water Board authorized all remaining interest available to be granted to the City of South Lake Tahoe for the Trout Creek Project. The City completed the project and expended a total of \$1.4 million of the Tahoe Keys Mitigation Fund.

As of January 2009, the Tahoe Keys Mitigation Fund contained \$389,807 and continues to accrue interest. All projects authorized for funding have been completed and compensated from the Fund.

7. On July 9, 2009, the California Tahoe Conservancy (CTC) submitted a request to spend the remaining balance of the Tahoe Keys Mitigation Fund (\$389,807). The CTC has evaluated several alternative designs for construction of a new river channel for Sunset Stables Reach 6 of the Upper Truckee River restoration project and is ready to complete final plans for construction of this restoration project. The CTC is proposing to use the Tahoe Keys Mitigation Fund monies to pay for final design of the new channel on Sunset Stables Reach 6 portion of the Upper Truckee River.
8. The project fully meets the intent of Resolution No. 82-8. The project is also identified as a Priority 1 in TRPA's Environmental Improvement Program.
9. The Upper Truckee River Sunset Stables Reach 6 Restoration Project promises to mitigate adverse water quality impacts generated by the Tahoe Keys development. The proposed project consists of construction of a new channel that will reconnect the river with its historic floodplain. This objective will be achieved by construction of 6,000 feet of new river channel, planting native wetland vegetation, and allowing the river flows to spread more frequently out over the historic Upper Truckee floodplain thereby removing fine sediment and nutrients. The cost estimate for construction is approximately \$6 million. The Conservancy is in the process of developing an agreement with the US Army Corps of Engineers under its Section 108 process to provide \$4,892,550 toward the construction of the project. The additional \$1.1 million in funding would come from Conservancy sources, and grant funding from the California Wildlife Conservation Board.
10. The CTC has committed to monitor the project as part of its on-going management of property it controls as a state agency. The CTC will propose a monitoring plan to evaluate effectiveness of project to improve water quality. The monitoring will continue over a five year period. Water Board staff will review and approve the monitoring plan.
11. The CTC is contributing matching funds in the amount of \$1.15 million for studies, designs, environmental documents and permitting to complete the planning phase for the project. The Tahoe Keys Mitigation Fund would provide \$ 389,807 for completing the final project design.

12. Funding of this Water Board approved project is conditioned upon approval by the Secretary of the California Resources Agency.

THEREFORE BE IT RESOLVED THAT:

A. The Water Board will reserve \$ 389,807 from the Tahoe Keys Mitigation Fund for the final project design for the California Tahoe Conservancy's Upper Truckee River Sunset Stables Reach 6 Restoration Project. Project funding is subject to the project proponent's completion and submittal of the following products:

<u>TASK</u>	<u>SUBMITTAL DATE</u>
1. Complete Public Draft CEQA/NEPA/TRPA Environmental Documents	September 2009
2. Complete Final CEQA/NEPA/TRPA Environmental Documents	December 2009
3. Complete 90% Plans and apply for necessary permits	December 2010
4. Submit Monitoring Plan	December 2010
5. Complete final Plans	February 2011

B. The Board authorizes the Executive Officer to enter into an agreement with the California Tahoe Conservancy to fund the Upper Truckee River Sunset Stables Reach 6 Restoration Project.

C. The Board will continue to collect the mitigation fee of \$4,000 per vacant lot to be developed within the TKPOA portion of the Tahoe Keys development as required in Resolution No. 82-8.

D. The Board will consider releasing the monies reserved in A, above, once the project proponent completes the required work products. The Board will consider reallocating the monies reserved in A, above, if they find that the project proponent is unwilling or unable to complete the proposed project or if these projects are not approved for funding by the Secretary of the Resources Agency.

E. This action is being taken pursuant to the provisions of Water Board Resolution NO. 82-8. Resolved Number 10 of Resolution 82-8 established the Tahoe Keys Mitigation Fund, and specified that the funds collected would be used for the construction of projects within the Lake Tahoe Basin to achieve a net reduction of nutrients equivalent to that generated by the Tahoe Keys development.

I, Harold J. Singer, Executive Officer, do hereby certify that the foregoing is a full, true, and correct copy of a Resolution adopted by the California Regional Water Quality Control Board, Lahontan Region, on October 14, 2009.

HAROLD J. SINGER
INTERIM EXECUTIVE OFFICER